

THE ANSWER TO A SUSTAINABLE AND COMPETITIVE TOURIST DESTINATION – THE ADVANTAGES OF A DESTINATION MANAGEMENT ORGANIZATION IN PREDEAL, ROMANIA

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Abstract

The main function of a Destination Management Organization (DMO) is to ensure quality of services and attract tourists in the areas where local development is necessary, in order to increase the economy level. The mountain resort Predeal, Romania, has not experienced any industrial development in the past so it is a city highly dependent on tourism activities such as winter sports, night life and national competitions. In order to achieve a competitive and successful tourist destination, the collaboration between the public and private sectors is vital. Both quantitative and qualitative research methods were used in the present paper, concluding that there is a pressing need for an organization intended to manage Predeal as a tourist destination.

Keywords

Destination Management Organization; tourism; local development; cooperation; public sector; private sector

JEL Classification

Z18, Z30, Z32, Z38, L83, M10, M38, R0, R11, R58

Introduction

In recent years, the tourism industry has been subject to change, continuously growing and becoming more and more diverse. Revenue coming from tourism has been the main recovery source for many national economies in the context of the latest global financial crisis. Since the crisis started in 2009, tourism has slowly increased at an international level, culminating with a recorded growth of 7% in 2017 (UNWTO Secretary-General Report, 2018).

According to Adrian Voican, vice-president of the National Association of Travel Agencies in Romania, in 2017 the total number of tourists choosing Romania as a holiday destination has reached 12 million people, out of which an impressive 9.5 million were Romanian citizens (domestic tourism). (Mihai, 2017) (Andrews, 2007) With statistics clearly indicating that there is a growing interest in Romania as a tourist destination, the question is, are there the necessary conditions to create memorable experiences for its tourists?

Every destination is multifaceted, with a variety of stakeholders that ought to be satisfied. Establishing a common purpose and collaborating to successfully achieve it is the key to

offering compelling experiences for tourists in a chosen destination. According to UNWTO, destination management organizations (DMOs) are defined as “coordinated management of all the elements that make up a destination (attractions, access, marketing, human resources, image and pricing). It takes a strategic approach to link up very separate entities for the better management of a destination. Its role is to lead and coordinate activities under a coherent strategy or plan, serving the interests of all stakeholders” (UNWTO, 2007).

Introducing a law on Destination Management Organizations in Romania (Law no. 275/2018) will create a series of challenges, including the need for a new organizational and cooperative model.

Predeal is nationally known for being the city with the highest altitude in the country, ranging from 1030 to 1100 meters. Moreover, it is also the only mountain resort that has not experienced any industrial development, even though it is the only one that is oriented towards tourism and services, particularly due to its remarkable winter sport facilities.

Given that tourism is the main source of income for the community in Predeal, improving the destination management system will ensure the sustainability and competitiveness of the city as a tourist destination.

The Braşov Tourism Forum, held in March 2019, concluded that for the efficient development of a destination, the involvement of every citizen, whether entrepreneur in tourism or not, is compulsory. Short term, the main target must be the establishment of the Destination Management Organization at a local level, then at a county level, and last, but not least, at a national level.

DMOs represent the critical implementation arm of a tourism strategy, a significant and integral component of the tourism supply chain. The purpose of this paper is to evaluate the necessity of setting up an organization intended to manage Predeal as a tourist destination.

The paper will start with an analysis of Predeal as a tourist destination. Research on the tourists from Predeal and a management analysis have been conducted through a mixed research methodology, consisting of both quantitative (questionnaire) and qualitative research (interviews). The paper will focus on the mission and objectives of the DMO Predeal in the current Romanian legal framework.

Literature review

Gunn defines a tourist destination as a geographical area, where one can find all the elements that satisfy tourists’ expectations and contribute towards a memorable experience: the natural resources, the accessibility of the means of transport, touristic product offers, the availability of touristic attractions, availability of promotion and access to information for tourists on location, but also prior to their arrival at the destination (Gunn, 1994). However, in order to achieve a competitive and successful tourist destination, the local people play a vital role, as they are the ones that contribute directly and influence the experience of tourists, through the customer service they provide, as well as through simple everyday social interactions.

The management of a destination in the era of globalization is done through dedicated structures that are meant to organize the synergies between the relevant local players in the tourist sector of a destination, in order to achieve the double effect: satisfaction of both tourists and locals, but also generating profit for the community (Rotariu, 2008).

Destination Management Organizations are designed to contribute to the development of an integrated mechanism to ensure a coherent implementation strategy on all levels, thus providing a solid foundation with a positive impact on all players involved (Pike, 2008). Improving the destination management system will ensure the sustainability of the sector, and DMOs will have an integrating role, providing the city's vision of development as a tourist destination, as well as coordinating and supporting the development of a competitive destination.

Cooperation is a fundamental brick in building a destination (Camillo, 2015). As a result, the coalition of many relevant stakeholders and shareholders in a destination is necessary to ensure that everyone is working towards a shared vision and a shared goal, namely the sustainability and competitiveness of the destination. Even though the focus of the DMOs typically consisted in marketing activities, these structures ought to extend their role and to become a strategic leader in the development of a destination. Today, many destinations have a DMO that helps lead the way, as it represents a very important ingredient for success for any tourism destination (UNWTO, Destination management).

The main role of a DMO consists in fulfilling marketing, promotional and sales activities, as well as coordinating the long-term destination planning and management, since the consumer perceives and buys a destination as one integrated product (Bieger & Müller, 1998; Bieger, Beritelli & Laesser, 2009; Pearce, 1992; van Harssel, 2005).

DMO Predeal will be in charge of gathering local entities (relevant stakeholders from the local tourism sector) aiming to develop and manage Predeal as an appealing tourist destination. With a focus on marketing and product development, the goal of the DMO is going to be to create a unique experience, that will excite and intrigue tourists.

The primary functions of the Predeal DMO will be: leadership and direction; working with partners to create the strategy and development plan for the destination; research and data collection; supporting or coordinating implementation of the strategy and development plan by all partners; directly implementing certain elements of the strategy and development plan.

The main objectives of the DMO will be the following: to define the local vision statement; to create an operational common fund; to organize regular stakeholder consultations; to identify the local competitive edge – Unique Value Proposition; to ensure product development, packaging and presentation, as well as be in charge of the marketing strategy; to take charge of the inter-sectorial coordination (horizontal approach); to ensure cooperation and coordination with other DMOs in the region; and take charge of the efficient cooperation and management of local tourist information centers.

In order to achieve these objectives, the establishment of the DMO Predeal will be built with upon consideration of the following factors:

- a. Funding. Predeal DMO could be a very relevant institutional catalyst and a main player for attracting funds, especially those that are non-reimbursable, free and open for many relevant stakeholders and shareholders from its structure. It could raise funds in the locality and in the conurbation area, especially in those localities that are rural through various financing programs, mainly those financed by European Commission (EU funding, online content) and national government, but also by International Financing Institutions, foreign governments, other foreign public or private donors.
- b. Capacity building. DMO Predeal ought to be the most important institutional provider for the building capacity interest of its members, and a very active promoter of the destination as a whole. As the most important aspect of the attractiveness of Predeal resort consists in the beauty of its natural landscapes, the tourism practitioners from this destination need to increase their efforts to improve their capacity to manage the local natural resources in a sustainable way (OECD, 2001). According to mid and long-term strategy, tourism is a priority for the economic development of Predeal and its conurbation (Predeal city strategy for local development).
- c. Local community engagement. Tourism development must be part of the regional policies, mainly due to the undeniable economic, social and environmental benefits that it brings to the locals in a destination (Luštický et al., 2012). A tourist destination implies the harmonious cooperation between a multitude of elements, a

cumulated effort of the whole community: not only staff in the tourism sector contribute to success, but each and every individual who lives in a destination and interacts with the tourists (Stange et al., 2011).

Methodology

The present research has been conducted with the purpose of validating the necessity for setting up an organization aimed at managing Predeal as a touristic destination. For primary research, data were collected through a mixed research methodology: a questionnaire aimed at tourists who have visited Predeal, and two in-depth structured interviews with stakeholders and shareholders from the region.

The main reason for choosing to interact with both tourists and stakeholders was so that the research includes data and opinions from both parties, each of them being equally important in the present study.

Questionnaire

Questionnaires are amongst the most popular quantitative research methods. On the one hand, questionnaires have great advantages, such as the fact that they can be sent out to a large number of participants, they allow “plenty of time for the respondents to formulate their responses” and, due to their anonymous nature, “any embarrassment on the part of the respondent” is avoided. (Collins, 2010, p.128) However, on the other hand, there are also a number of disadvantages to questionnaires, such as “large time delays waiting for responses to be returned”, as well as the risk of receiving incomplete answers, which leads to the invalidation of the entire questionnaire and the inability to make reference to the data in the results analysis. (Collins, 2010, p.128).

When designing and distributing the questionnaire, particular attention has been given to maintaining a clear distinction between stakeholders and tourists, since tourists, under the stakeholder theory, can also be regarded as stakeholders (Freeman et al., 2010).

The aim of the questionnaire was to assess tourist satisfaction with the facilities and customer service in Predeal. It contained 9 questions and was distributed during the period of 20th December 2018 and 20th February 2019. A non-probabilistic sampling method has been used and the questionnaire has been distributed to 836 tourists. A total of 208 questionnaires have been returned and validated, meaning that there has been a 24.88% response rate. A detailed discussion on the statistical analysis of the findings, is included in the Results section below.

Interviews

Structured interviews have been chosen as the research method to collect stakeholder opinions on the present issue. Even though structured interviews have been criticized for interfering with the free flow of information between interviewer and interviewee, in the present paper this research methodology has been chosen over semi-structured or unstructured interviews in order to ensure consistency of themes across the three interviews. (Myers, 2013) In order to minimize the risk of restricting the interviewee, the interview consists entirely of open-ended questions, which enables the respondent to freely express their opinion at length. (Collins, 2010, p.136)

In order to provide a variety of opinions, particular attention has been given to the profiles of the chosen interviewees: they both have a vast experience in the tourism industry in Predeal, but their area of expertise, as well as their roles are different. As a result, their opinions cover all the five components of the tourism industry: accommodation, attractions, transport, travel organizers and destination organizations. (Evans et al., 2011, p.35) The first respondent, Marius-Catalin Campeanu is the director of the National Tourist Information and Promotion Center with the main task of coordinating the entire tourist activity of Predeal resort town. The second respondent, Antoni Kuhnen is the Owner of AVCO Consult, having over 40 years experience in the hotel and hospitality industry.

Results and Discussion

Questionnaire: the tourist perspective

According to the research, the highest number of tourists visiting Predeal (55%) are aged 24-39 – mostly millennials, closely followed by people aged 40-55 (35%). The research reveals that the lower and upper limits of the age groups are the ones that travel the least, accounting together for only 10%. This result leads us to conclude that the resort is a dynamic one, as it is mainly young people that manifest an interest in it. This could be an important factor when arguing that Predeal would highly benefit from the development of new attractions, such as nightlife or other social events (for example, festivals), which will attract more tourists.

The majority of individuals are female (60%), with only 40% males – which could lead us to argue that more efforts should be concentrated towards targeting male subjects in promotional initiatives. Moreover, the study also revealed that 88% of individuals travelling to Predeal are currently in employment.

As expected, the great majority of visitors choose Predeal as a holiday destination (81% of respondents), which is another argument towards the need to further develop tourist facilities in the area. As a secondary reason, people from the sample may travel to the area for business purposes (12%) or just to visit family or friends (7%). The respondents were not able to identify any other reasons for visiting the area.

When asked about specific activities they seek when travelling to Predeal, 29% of the participants said that they were in search for relaxation, 24% said that they do it for the nature, 19% do it for sports activities, and 11% claim that they are in search of adventure. Business was chosen by only 4% of the respondents, with nightlife and religion ranking the lowest, chosen by less than 1% of the participants.

This calls for a plan of action in which one could decide either for strengthening the strong points even more by improving the existing infrastructure (trails, sports facilities, tourist circuits, bouldering and climbing etc.), or by capitalizing the weak points into actual assets – themed and adventure parks, culture events and concerts, film and theatre festivals and a more active nightlife.

The tourist satisfaction (Figure 1) was measured on a Likert scale from 1 to 5, with 1 representing the minimum level of satisfaction and 5 representing the maximum level of satisfaction. The average satisfaction was measured at 3.9, which can be assessed as very good. The variance corresponding to this distribution is relatively low (0.83), which asserts for a concentration of positive opinions around the average.

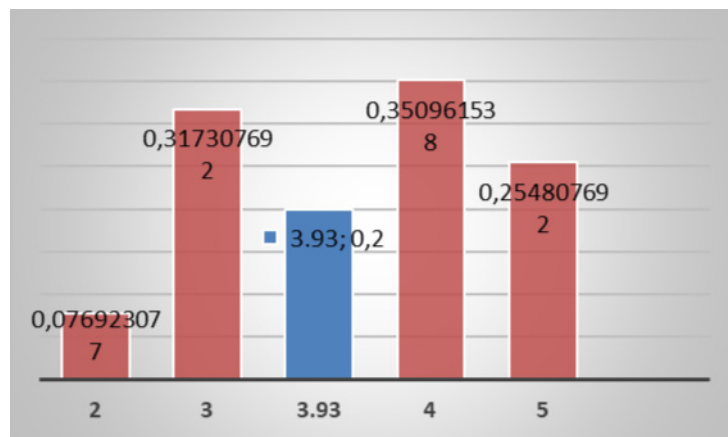


Fig. no. 1 Distribution and mean of the overall tourist satisfaction

Source: Authors' own processing

Interviews: the Stakeholder perspective

Interview 1: Marius-Catalin Campeanu, Director of the National Tourist Information and Promotion Center in Predeal

When asked about the state of local tourism in Predeal, the first respondent answered that this is a good one, registering an impressive increase in the number of tourists from 100,000 in 2009 to an estimate of 230,000 in 2018. His answer supports the statistics presented earlier in the Introduction – tourism has increased in the past few years, both at a global level, as well as at a national level.

Talking about the strengths of Predeal as a tourist destination, the respondent mentioned the natural resources and the popularity of the ski area, being in accordance with the reasons why tourists visit Predeal, as resulted from the questionnaire. However, he also referred to the resort's tourist routes and the potential to develop cycling circuits, which is intriguing considering that the questionnaire data reveal that only 11% of those that travel to Predeal do it in search of adventure. Referring to weaknesses of the town he spoke about the lack of involvement of the private sector to complete the tourism offer; the lack of tourism development strategy and definition of the unique value proposition; but also to the general disregard towards certain standards (including EU regulations) of the offered services.

Regarding the management and organization of the tourism industry in Predeal, the respondent said that there are no organizations/associations established in the private sector in Predeal and as a result, they have never had an impact on the evolution of tourism in the city. Moreover, when taking about the collaboration between the private and the public sector in the tourism field in Predeal, this was negatively classified as the “main barrier getting in the way of a faster, healthier, more strategic development of the resort”.

Through his statements, the respondent supports the hypothesis of this paper that the establishment of a DMO is necessary for the sustainable and competitive development of Predeal as a tourist destination: “I believe that the only solution to create a competitive destination, at any level and in any corner of Romania is the cooperation between the public and the private sector, as well as embracing full transparency in the decision-making process. It is essential that individual interests are turned into mutual interests; that is the key to successful development”.

Interview 2: Antoni Kuhnen, Owner of AVCO Consult

According to the second respondent, Predeal as a mountain resort has not taken optimal advantage of the general development the region has been enjoying, compared to other destinations from Prahova Valley or Poiana Brasov, for example.

Talking about strengths of Predeal, the respondent referred to the proximity of the ski-slopes to the main road and the good supply of snow during the winter season. However, as a weakness, the respondent argues that the winter season is too short to provide enough revenue for the resort, there's a lack of promotion and there are not enough modern leisure opportunities and entertainment.

When asked about the management and organization of Predeal, the interviewee referred to another weakness of the resort: the fact that the people working in tourism in the private sector are not trained enough to give tourists a memorable experience. Therefore, the entrepreneurs from Predeal need to take initiative and not wait for the local governance to interfere in their business. Furthermore, he believes that in order for the associations in the private sector in tourism in Predeal to become effective, there is a pressuring need for an in-depth marketing study that will indicate the nature of changes that need to be made and measures that need to be implemented. He states that everybody should be involved in the process of developing tourism in Predeal, focussed and motivated towards attracting customers. This sustains the validity of the argument made in the Literature review that local community engagement and capacity building are fundamental for further development of the tourism sector in Predeal in general, so also key for the DMO.

Another key point made in the interview is that the collaboration between the private and the public sector in Predeal, in the tourism field is vital to successful development – argument that also implies the necessity for a DMO in Predeal.

Conclusions

The majority of tourists visiting Predeal females, aged 24-39, with a job, travelling for relaxation, nature and sports. This result leads us to the conclusion that the resort is a dynamic one, mainly chosen by young people. As a result, one of the main conclusions of this study is that Predeal should focus on strengthening their position as a relaxation destination, put more emphasis on promoting its biggest assets, such as nature and sports, but also try to transform the weaknesses, such as business and nightlife, into opportunities.

Regarding the satisfaction of tourists visiting Predeal, the questionnaire data analysis clearly indicates that this is ranked very highly. However, the interviews with the stakeholders indicate that they are not satisfied neither with the activity of the associations/organization from the private sector, nor with the involvement of local administration, local people and other bodies from the private society in developing local tourism, therefore setting the framework for the creation of a DMO. The overall interpretation of the results of the research is that there is a great need for improvement of the relationship between local authorities and stakeholders, reinforcing the need of a partnership between the two in order to foster a clear vision and direction for tourism in the Predeal region, and not only.

DMO Predeal will work at the centre of local activities, having the mission to develop a competitive and sustainable tourist destination, by involving all relevant stakeholders and engaging the local community. The main purpose will be to increase awareness of Predeal as a tourist destination, to boost local economy and increase the local quality of life, great emphasis being put on implementing a sustainable development plan for tourism (OECD, 2001). As discussed in detail in the Literature review, the main objectives of the DMO will be concerned with the organization, development and promotion of Predeal as a tourist destination, ensuring the smooth communication and collaboration between the different parties in the community – namely the private sector and the public sector. This new instrument for Romania, in a true conceptual meaning, will help Predeal reposition itself as one of the most important mountain resorts in Romania.

One of the main limitations of this study is the reduced input of stakeholders, which has been limited to two interviews. For a better understanding of the issue from a stakeholder perspective, future quantitative research should be conducted, focusing on gathering the opinions of larger numbers of local stakeholders, from different areas of activity. Another weakness of the present study is that it solely focuses on domestic tourism and does not, at any point, make reference to inbound tourism. Given that statistics indicate that there is an increasing number of foreign tourists choosing Romania as a holiday destination, future research should also investigate the role of inbound tourism in the development of Predeal. (Mihai, 2017) Last, but not least, the quantitative research was conducted during the peak season for mountain resorts, which is during the winter months, and consequently the results cannot be generalized for all seasons. One must acknowledge the fact that the present research is only a pilot research, which should be taken over and continued by the local DMO: the same questionnaire should be conducted over a longer period of time and in different months of the year in order to capture KPIs.

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